

## Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 R

DRAFTED BY D:RMPOATS

APPROVED BY D:RMPOATS

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NEA/EGY:PKENNEDY (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY CAIRO IMMEDIATE

C O N F I D E N T I A L STATE 212497

EXDIS

E.O. 11652: GDS

TAGS: EFIN, EAID, EG

SUBJECT: RESPONSE TO GOE REQUEST FOR GUARANTEED  
FOREIGN BANK LOAN

REF: (A) STATE 201582; (B) CAIRO 11336; (C) CAIRO 10933

1. RICHARD DEBS, SPECIAL CONSULTANT TO  
DAVID ROCKEFELLER, HAS ACCEPTED JOINT RECOMMENDATIONS OF  
DEPARTMENT AND IMF OFFICERS THAT HE CONVERT HIS PLANNED  
VISIT TO CAIRO NEXT WEEK INTO A THOROUGH EXPLORATION OF  
THE FEASIBILITY OF ORGANIZING A FOREIGN BANK  
CONSORTIUM TO PROVIDE AN IMMEDIATE MEDIUM-TERM LOAN TO  
EGYPT OF SEVERAL HUNDERED MILLION DOLLARS AGAINST A  
FULL REPAYMENT GUARANTY BY EITHER THE GODE "AUTHORITY"  
OR OTHER FINANCIALLY RELIABLE GUARANTORS IN MIDDLE EAST.

2. DEBS PLANS TO DEPART NEW YORK FOR CAIRO SATURDAY,  
ARRIVING SUNDAY AFTERNOON. HE NEEDS IMMEDIATE  
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CONFIRMATION THAT HE WILL BE ABLE TO SEE ABU ISMAIL,

SHAFEI, AND IF POSSIBLE SADAT, THE LATTER IN ORDER TO CONVEY ROCKEFELLER'S CONTINUING INTEREST IN RESPONDING TO SADAT'S REQUEST FOR UNDEFINED HELP.

3. DEBS HAD BEEN MAKING ARRANGEMENTS THROUGH GOE NEW YORK ECONOMIC REPRESENTATIVE MAGUID, WHO HAD SENT TELEGRAM TO SHAFEI RELATING DEBS' VISIT PRIMARILY TO PROJECT-FINANCE DISCUSSION WITH OSMAN IN NEW YORK EARLIER THIS SUMMER. TODAY MAGUID TOLD DEBS HE HAD TELEPHONED SHAFEI WHO PROFESSED IGNORANCE OF MAGUID'S TELEGRAM OR PURPOSE OF DEBS' VISIT AND SUGGESTED HE SHOULD SEE OSMAN IN CAIRO. MAGUID HAS SUBSEQUENTLY TELEXED SHAFEI REAFFIRMING IMPORTANCE AND TIMELINESS OF DEBS' VISIT AND INDICATING BROADER RANGE OF SUBJECTS TO BE DISCUSSED BUT WITHOUT DETAIL STATED IN PARA 1 ABOVE. HOWEVER, IN VIEW OF JURISDICTIONAL PROBLEMS BETWEEN SHAFEI AND ABU ISMAIL AND THE LEAD ON REFINANCING LOAN BEING TAKEN BY ABU ISMAIL PER REF B, NATURE OF DEBS MISSION SHOULD BE EXPLAINED TO ABU ISMAIL BY EMBASSY CAIRO AND CONFIRMATION OBTAINED FROM BOTH ABU ISMAIL AND SHAFEI PER PARA 2 ABOVE.

4. CHASE BANK CAIRO REPRESENTATIVE'S REPORT OF ABU ISMAIL PROPOSAL REF B WAS RECEIVED IN NEW YORK AT TIME WHEN SENIOR EXECUTIVES WERE NOT AVAILABLE. TELEGRAM GIVING HIM CAUTIOUS BUT SOMEWHAT POSITIVE RESPONSE WAS SENT YESTERDAY. DEBS HOPES HE WILL BE ABLE TO DEVELOP IN CONSULTATION WITH CAIRO CHASE REP, GOE AND ARAB FINANCE MINISTERS BASIS FOR A POSITIVE RECOMMENDATION TO ROCKEFELLER TO TAKE LEAD IN ORGANIZING CONSORTIUM. HE HAS NO DIRECT KNOWLEDGE AT THIS POINT OF PROSPECTS FOR OBTAINING SATISFACTORY ARAB (AND/OR IRANIAN) GUARANTY.

5. CRITICAL FACTOR FOR PROSPECTIVE GUARANTORS WILL BE ASSURANCE THAT GOE WILL UNDERTAKE ECONOMIC MEASURES THAT WILL LOWER RISK OF DEFAULTS TRIGGERING GUARANTY. CONSEQUENTLY, SOME LINKAGE BETWEEN BANKS' AND GUARANTORS' COMMITMENTS AND GOE COMMITMENTS TO CARRY OUT IMF PROGRAM IS LIKELY. THIS LINKAGE CAN AFFECT TIMING  
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AS WELL AS TERMS OF GUARANTY AGREEMENT AND GOE-CONSORTIUM AGREEMENT.

6. REQUEST REPLY BY NOON FRIDAY WASHINGTON TIME. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** VISITS, CONSORTIUMS, BANKS, DEVELOPMENT LOANS, ORGANIZATION & MANAGEMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 AUG 1976  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE212497  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** RMPOATS  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760326-0892  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760815/aaaaamxm.tel  
**Line Count:** 111  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** EXDIS  
**Reference:** 76 STATE 201582, 76 CAIRO 11336, 76 CAIRO 10933  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 08 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <08 JUN 2004 by ellisoob>; APPROVED <13 OCT 2004 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** RESPONSE TO GOE REQUEST FOR GUARANTEED FOREIGN BANK LOAN  
**TAGS:** EFIN, EAID, EG  
**To:** CAIRO  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006